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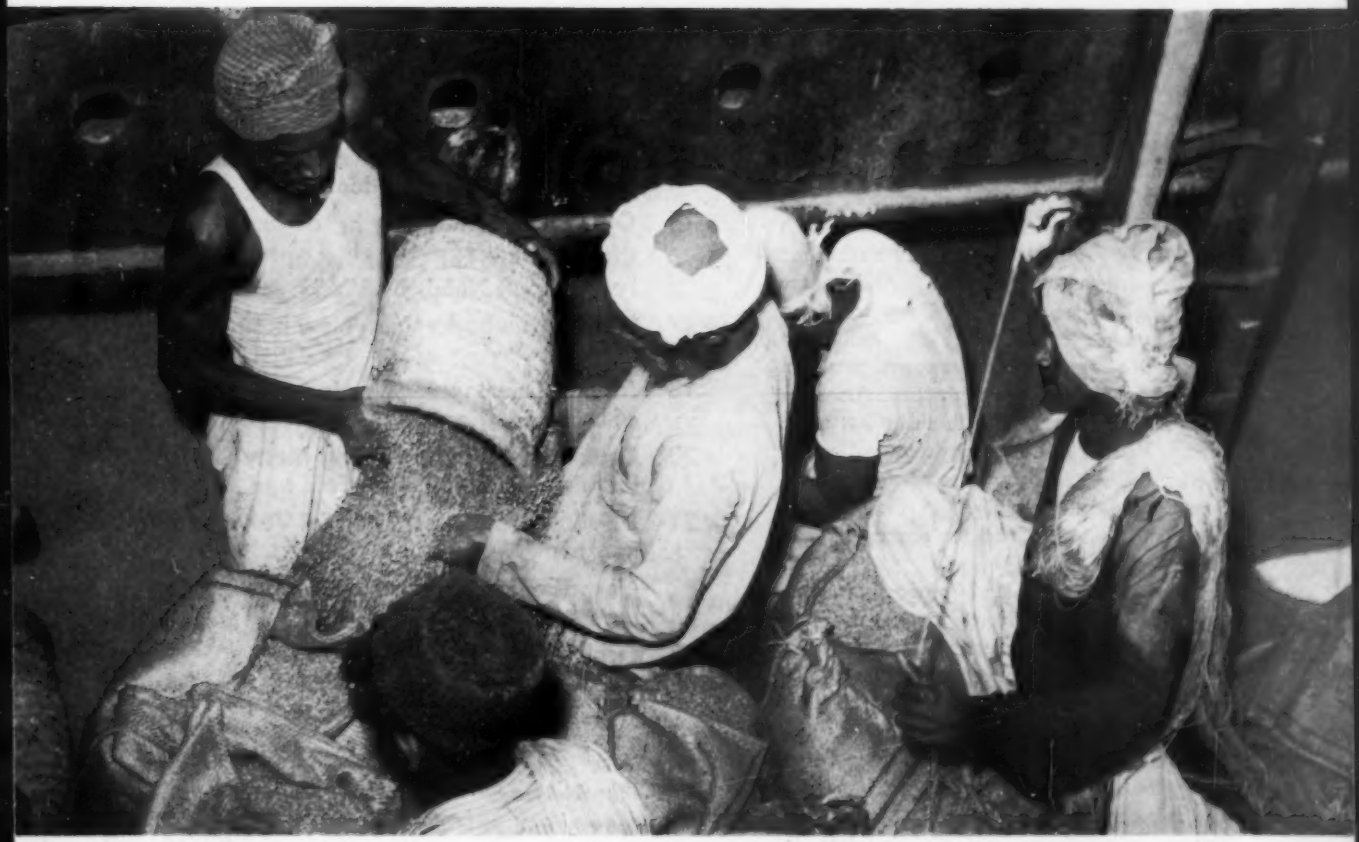

Sacking U.S. wheat, Karachi harbor

DLF Loans Feed Hungry Nations

Wheat Importing Countries

Our New Trade Center in London

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

To report and interpret world agricultural developments

FOREIGN AGRICULTURE

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April 1961

"Alianza para Progreso"

Not since the Marshall Plan offered this country's help to the devastated countries of Europe in 1947 has the United States made so stirring an appeal as that voiced by President Kennedy last month when he called on "all the people of the hemisphere to join in a new Alliance for Progress—Alianza para Progreso."

The President, at a White House reception for Latin American diplomats, called for a "vast cooperative effort, unparalleled in magnitude and nobility of purpose" and proposed a 10-point, 10-year program for the Americas which would "transform the 1960's into an historic decade of democratic progress." And on the following day he asked the Congress for an immediate appropriation of $600 million to launch this hemisphere development program.

The next moves are up to the Latin American countries themselves. The President has made it clear that they must show determination "to modify their social patterns so that all and not just a privileged few share in the fruits of growth." In short, U.S. help to accompany self-help.

Some of the President's proposals involve agriculture. In formulating long-range plans for their own development the Latin American countries are urged to move ahead with the tasks of improving the productivity and use of land, of changing archaic tax and land-tenure structures, and of engaging in projects designed to make the benefits of increasing abundance available to all.

The United States, said the President, is ready to cooperate in examining commodity market problems in an effort to forestall the violent price changes that seriously injure the economies of the Latin countries. But in the interim, the Food for Peace emergency program will be stepped up to establish food reserves where desperately needed. For, as he added, hungry men and women cannot wait for economic discussions or diplomatic meetings—their need is urgent and their hunger rests heavily on the conscience of their fellow men.

Contents

3 How DLF Loans Help Feed Hungry Nations
6 The Wheat Position of Five Importing Countries
9 Turkey Re-examines Its Wheat Policy
11 How U.S. Wheat Growers Have Boosted Overseas Sales
13 Independent Sierra Leone—Diamond-Rich, Rice-Poor
14 Return to Currency Convertibility Aids Agricultural Trade Outlook
15 Our New Trade Center in London
16 Common Market Commission Forecasts Smaller Food Import Needs by 1965
17 Uruguay Embarks Upon New Economic Recovery Program
18 Market Development in Japan—An Evaluation of U.S. Activities
20 Common Market Is Having Many Problems Framing Joint Policy for Fats and Oils
21 U.S. Farm Exports in 1960 Set Value and Volume Records
22 New São Paulo State Law Encourages Small Farms
23 Trading Post

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Drilling tubewells, Pakistan.

How DLF Loans Help Feed Hungry Nations

By HAROLD E. MINER
U.S. Development Loan Fund

Last month Foreign Agriculture *published an article on the loans made by the World Bank for agricultural development. The following article tells of similar help given by the U.S. Development Loan Fund.*

About 125,000 new dinner plates will have to be filled today. Tomorrow morning an additional 125,000 new members of the world family will sit down to breakfast, and in a year's time, the number will have increased by about 45 million, which is approximately the population of France. Yet the amount of arable land from which this ever-increasing number of people can be fed remains fairly constant.

The land-versus-population problem is the worst in the countries that need food the most. Since World War II, the half billion people in South Asia who subsist on incomes averaging about $68 per year have managed to boost their agricultural production by about 28 percent. But during the same period the population increased by 31 percent—leaving them, for all their efforts, worse off than they were to begin with as far as the amount of food per person is concerned. Similarly, the 300 million people of the Far East increased output by 36 percent while population rose by 38 percent.

These people do not have a great deal of either wealth or technology to devote to their problems. Under the circumstances, their efforts in many cases have been truly heroic. Yet they are losing ground. Historian Henry Steele Commager merely points out what is obvious when he says: "A world in which population increases by 45 to 50 million a year without a commensurate increase in resources or production is not an orderly one, and will not long remain a peaceful one. To close the growing gap between population and resources in the backward areas of the world is the simplest kind of insurance for our own security."

How DLF Functions

To help increase productivity and improve the use of resources—in agriculture as well as in other fields—is the twofold function of the Development Loan Fund. This agency is an autonomous U.S. Government corporation established in 1957 to make or guarantee loans for specific projects or programs, public or private, which contribute to the economic growth of the countries in which they are located. It is especially empowered to help overcome certain obstacles to economic progress.

One such problem is the need of the developing nations for more dollars with which to buy equipment in the United States, coupled with their inability to carry large burdens of dollar debt. The Development Loan Fund is permitted to use several devices in overcoming this dilemma. For one thing, it can, when appropriate, accept repayment of its dollar loans in the money of the country concerned. For another, it can adjust the duration and terms of its loans so that the annual repayments are within the borrower's ability to carry them.

In other words, the Development Loan Fund functions in underdeveloped nations somewhat as other U.S. Government agencies function within the United States. In the field of agriculture, for example, its operation may be compared roughly with that of the U.S. Bureau of Reclamation, which provides low-interest financing for ir-

rigation, power, and municipal water projects in the Western States.

Irrigation and Drainage

DLF has, in fact, made several loans for irrigation projects quite similar to those being built in America. One of these is a $23-million loan to complete a project in the Lower Moulouya Basin in Morocco. This project will provide irrigation water for about 52,000 acres and will help stabilize grazing and other agricultural operations in the surrounding region. Another is an $18-million loan for the Oued Nebana project in Tunisia, a development which is expected to increase agricultural production by about $4 million per year and which will also provide municipal water for Tunisia's third largest city. Other loans will assist irrigation developments in Spain and Haiti. In Taiwan, DLF is providing $40 million to help build one of the highest dams in the world, and this dam, although built primarily for power generation, will also provide water for the irrigation of about 115,000 acres of prime farmland.

One of the Development Loan Fund's most noteworthy loans is for a drainage project which will restore to production about 1½ million acres of once-fertile land in West Pakistan. At present, the land is largely useless because of waterlogging and consequent salinity. More than 4 million acres of what used to be the richest land in the Punjab have been ruined in this way, and the loss of arable land is approaching the rate of about 100,000 acres per year. The cost to the country is estimated at more than $40 million each year—a tremendous loss in a nation where the average income per person is about $52 per year.

The Pakistan study was prefaced by much study and experiment, in which a number of U.S. Government agencies took part. It was decided to build some 1,800 tubewells. These are steel-lined wells, 100 to 400 feet deep, in which ground water will collect and from which it can be pumped out for further use or dispatch. Part of the pumped water will be pure enough to be reused for controlled irrigation. The DLF approved a loan of $15.2 million to assist the construction of the wells, and the first group of 400 were put into operation last November. If this project proves as successful as is anticipated, still more tubewells may be built, and Pakistan will have been helped immensely in meeting its needs for food and fiber.

Indirect Aid to Agriculture

In addition to these loans made directly for agricultural enterprises, the DLF has assisted many activities which have an indirect but nevertheless important bearing on agriculture.

In some of the less developed nations there are considerable areas suitable for agricultural production which have not yet been put to full use because of their inaccessibility. In mountainous nations like Iran and Ethiopia, fertile valleys are separated from one another and from markets by natural barriers. In other nations there are regions of jungle where the only transportation is provided by trails or tracks which may be impassable much of the year. In still other countries, people are practicing primitive, subsistence types of agriculture for want of money to introduce better tools, buildings, stock, and farming methods.

The Development Loan Fund has approved a commitment of $25 million to assist a rural resettlement program in Colombia and another for the same amount to support a similar program in Peru. In both nations, large areas of fertile but undeveloped land will be partly cleared and fenced, buildings will be erected, access roads built, community services provided, and people helped by loans and extension services to set up family farms.

In Ethiopia, largely inaccessible valleys will be opened to market through a nationwide network of air transportation and a newly commenced road network, both being assisted by DLF loans which to date have totaled $26 million. The DLF has also lent $5.3 million to Panama, $1.9 million to Tanganyika, $51.2 million to Iran, $10 million to Ecuador, $2.5 million to Paraguay, $5 million to Honduras, $10 million to Malaya, and $18.7 million to the Philippines—all for the purpose of improving primary or secondary roads which will open new areas for agricultural development.

Similarly, some of DLF's loans for railway and waterway improvement will help promote agricultural development. For example, in East Pakistan, which is largely one huge delta traversed by innumerable streams and channels, waterways carry the great bulk of all freight and commerce, and there the DLF has lent more than $8 million for projects related to the improvement of water transportation. A $12-million loan to Iran will help build a seaport that will open to settlement and production a region which has rich agricultural and mineral resources, so far largely untapped for want of an outlet.

Fertilizer Processing

Other developing nations have already placed most of their arable acreage under plow. In these nations the task is to increase farm yields, and an important part of this effort is the provision of fertilizer. Few of them can afford to import large quantities of fertilizer, but some have resources of coal, lignite, or other minerals from which fertilizer can be manufactured.

India is one country where the government is undertaking intensive efforts to stimulate fertilizer production. The DLF has approved a $30-million loan to help establish a large government-owned fertilizer plant there. Furthermore, during the course of its negotiations over this loan, it persuaded the Indian Government to make a number of other fertilizer-plant sites available to American private companies, and pledged itself to give sympathetic attention to applications for loans in support of new, privately owned fertilizer plants. The DLF has also lent $12 million to help set up a fertilizer plant in Greece and $22.5 million for one in Yugoslavia, and has provided $2.5 million to help develop phosphate mines in Jordan.

The Development Loan Fund has financed a number of processing enterprises which can have an important effect on regional agriculture by providing more diversified markets. For example, in Guatemala, a country largely dependent on coffee, it lent $400,000 to a private firm, partly American-owned, which will make coffee bags out of the fibers of kenaf.

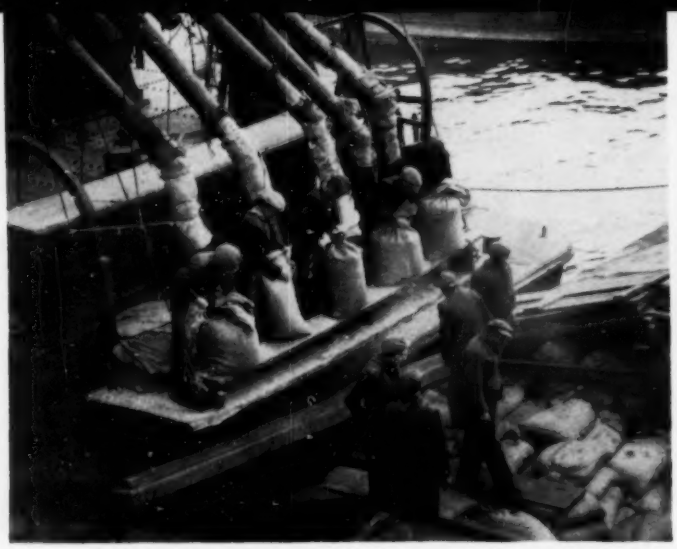
Vance Brand, Managing Director of DLF, points to the model of a fertilizer plant in Greece for which a $12-million loan was made. At left, with hat and gloves, is Prime Minister Constantine Caramanlis; at right, Minister of Industry Nicholas Martis.

This plant will not only save Guatemala about $1 million a year now spent to import jute bags, but will also permit the farmers of the area to raise and market kenaf as a new cash crop.

The DLF has lent $6.2 million to help establish a mill in Tunisia where pulp for paper-making will be produced from locally grown esparto grass; $5.3 million for a mill in the Philippines which will produce paper from bamboo; $1.1 million for a factory in Korea which will make a highly useful building material from rice straw; $2.5 million for a sugar mill in Bolivia; $750,000 for a meat-packing plant in Thailand; $2.6 million to assist meat packing, ranching, and tanbark raising in Paraguay; and $450,000 for a packing and canning plant in Egypt.

Finally, the Development Loan Fund lends money to other banks, which in turn relend the funds in smaller loans (too small for DLF to consider directly) for agricultural or related purposes in their own countries. One noteworthy transaction of this kind is a $5-million loan to the Central Bank of Guatemala, which will use the funds to help finance rubber growing in that country—another enterprise which will help relieve Guatemala's dependence on coffee. A $2-million loan to a development bank in Ethiopia and one for $1 million to the Arab Land Bank in Jordan will be used largely to enable local farmers to buy modern equipment and improve their farming.

A DLF loan permitted Paraguay to import these prize bulls for artificial insemination. Below, fresh vegetables grown in Haiti are sent to the crippled children's ward of a Washington, D.C. hospital, in gratitude for an agricultural loan.



Above, at London docks Canadian wheat is sucked automatically from hold of ship and sacked. Right, Pakistan farmer with sheaf of wheat.

ICA photo

The WHEAT Position Of Five Importing Countries

Last year the wheat-growing nations of the world harvested the second largest crop on record—8.3 billion bushels. The United States also had its second largest crop.

Because of this abundance of wheat, *Foreign Agriculture,* in March, reported on the wheat export position of our big competitors, namely, Canada, Argentina, Australia, and France. The following article deals with the other side of the picture—the wheat situation in countries that are normally large wheat markets.

As before, these brief analyses were prepared by U.S. agricultural attachés to the particular countries—this month, the United Kingdom, Brazil, Japan, India, and Pakistan.

United Kingdom

Historically, the United Kingdom has been the largest importer of wheat in the world, with present volumes averaging around 165 million bushels per year. There are no obstacles to the imports of wheat from any source, but flour carries a 10-percent duty ad valorem. Local production, which has been greatly increased since the war, largely because of support prices, is now about 100 million bushels annually; however, since this is all soft wheat, less than half is used for human consumption.

During and after World War II, Britain's agricultural policy stressed production of crops for human consumption. Three years ago this policy was changed to encourage animal feedstuff production at the expense of wheat, and although the area planted to wheat is about 10 percent larger than prewar, some reduction has been apparent since the policy came into effect. Total production, however, has remained about constant as a result of good seasons, better seed, and wider use of fertilizer.

Britain's wheat import requirements have fallen below the prewar level by some 20 million bushels annually—mainly because domestic production has increased and because the British people are eating less of the starchy foods now that their incomes and living standards have improved. The rate of decline has been slower in the past few years, but this downward consumption trend persists and, if it continues, the United Kingdom will need smaller imports of wheat in the years ahead, although not significantly so from one year to another. It follows, therefore, that greater sales by one nation will be largely at the expense of its competitors.

In estimating British wheat needs for flour, which is the basic requirement, the trade uses a rule-of-thumb measurement essentially the same as the formula used by the millers in their flour grist. (It should be understood, however, that the formula is flexible.) Canadian wheat dominates, making up about 45 percent of the assumed flour blend. British millers have a preference for Canadian Manitoba because of its high protein, strong gluten content, and its uniform consistency. Hard wheats of high protein content but with less gluten uniformity make up 15 percent of the formula and come largely from the United States, Argentina, and Russia. Domestic wheat is guaranteed about 30 percent by an informal agreement between the millers and the government. And soft white wheat from Australia and soft wheat from France, the United States, and elsewhere make up the balance, or 10 percent.

U.S. soft wheats face strong competition in the United Kingdom, and this will undoubtedly intensify. Only a greater sales effort will maintain or improve the American position. This means that U.S. wheat must be competitive in price, must be more uniform in quality, particularly

in its gluten and protein content, and its deliveries must meet purchase specifications. Increasingly, these conditions are being met but more must be done to safeguard American interests and increase exports.

—ROBERT N. ANDERSON

Brazil

Brazil is a country of the future. Its area totals over 3.2 million square miles and its population is estimated at 67 million, which is more than two-thirds that of all South America. At the present time, Brazil is primarily an exporter of raw agricultural products—largely coffee—and an importer of finished products and finished goods. But there are two exceptions—petroleum and wheat, which Brazil imports in large quantities.

Brazil's wheat production, now around 12.9 million bushels a year, has been down because of bad weather, diseases, and insects, but most importantly, because of the competition for the wheat lands. At the same time, both consumption and imports have been rising. In the 11-year period between 1949 and 1960, consumption increased from 37 million bushels to 83 million bushels, and wheat imports from 34 million bushels to 66 million bushels. Over 80 percent of the wheat consumed is imported—mainly from Argentina and the United States.

Brazil has the potential for increased consumption. In 1959, per capita consumption was estimated at 77 pounds a year. Compared with the Argentine figure of 246 pounds, this is quite low. A simple increase of just 5 pounds a person a year would raise annual consumption to over 176 million bushels by 1970.

Currently, however, Brazil's problem is to try to keep consumption in balance with the quantity of wheat it can provide through its own production and through trade agreements and special payment programs. This balance is maintained by import controls. Were these restriction to be lifted, Brazil's milling and baking interests feel confident that consumption would double in the next 5 years. Brazil would need to find ways to pay for this additional wheat, but there is every reason to believe that as the country industrializes—which it is doing rapidly—the means of payment will be forthcoming.

Since 1956, wheat imports from the United States have been averaging nearly 18.0 million bushels a year, mostly under P.L. 480 and other U.S. Government programs, while the Argentine share remains around 30 million bushels. What are the prospects for increased imports from the United States?

Brazil's own production in the immediate future will probably not exceed 18 million bushels a year. Present consumption is about 85 million bushels a year and should reach 147 million bushels within 5 to 10 years, depending on wheat import policies. This would mean an annual wheat import program of 129 million bushels. Argentina and other suppliers (excluding Canada and the United States) could be counted on at the most for 66 million bushels a year. This would leave the United States with a potential in this market of 63 million bushels, which would be about three times the present volume of U.S. wheat shipments to Brazil.

—FORD M. MILAM

Japan

Demand for wheat in Japan is on a gradual but steady uptrend and this trend is expected to continue during the next few years. Food-use demand is increasing slightly, but this is mostly the result of population growth, for per capita consumption is stable. Feed use, apart from the normal feed usage of milling byproducts, is increasing quite rapidly because of a general shortage of feedstuffs and now takes up over 10 percent of the total supply of wheat.

Japan produces slightly over one-third of its total wheat requirements, with domestic prices held at about 50 percent above world levels through strict limitation of imports. Production has been stable during recent years but is expected to trend upward gradually in the future. Barley, another protected crop, has come into a surplus position of burdensome proportions, and some of the diverted acre-

Left, harvesting wheat in Brazil. Below, U.S. wheat is unloaded at Indian port. India is the United States' leading wheat customer but all of it is bought under Public Law 480.

Courtesy World Bank

age is now expected to be used for wheat. Thus, although Japan's imports of wheat in recent years have been increasing in a near-direct relationship with total demand, further growth now seems unlikely because of the increases that are anticipated in the country's own production.

Traditionally, the bulk of Japan's wheat imports, in addition to its entire domestic supply, consisted of soft-type wheats. Gradually, however, the consumption of bread and other foods requiring hard-wheat flours has increased, until now over one-half of Japan's wheat imports consist of hard wheats. The likelihood is that this trend will continue.

U.S. wheat exports to Japan, consisting mostly of soft wheats, have held fairly constant at a level of about 37 million bushels annually, while most of the increases in Japan's imports have been supplied by Canada. Although soft wheats from the Northwestern United States enjoy a strong preference in Japan, sales have declined. Meanwhile, imports from Australia have increased under a bilateral trade commitment.

In the future, although purchases from Australia may drop somewhat, larger domestic supplies might cause U.S. soft-wheat sales to decline even more. Thus, in order to maintain or increase its share of the Japanese market, the United States will have to find means of selling more hard-type wheats to Japan. In the past such sales have been almost negligible because of the lack of exportable supplies on the West Coast.

Currently, some action has been taken to make U.S. hard-type wheats more competitive—a temporary reduction of rail freight rates on export wheat destined for West Coast ports. As a result, the Japanese have imported trial quantities of high-protein Hard Red Winter wheat for testing and comparison with Canadian Manitoba under Japanese milling and baking conditions. Should the outcome of these shipments prove favorable, important progress will have been made toward a considerable improvement in the annual volume of U.S. wheat exports to Japan.

—CHARLES M. ELKINTON

India

India ranks first among the nations of the world as an importer of wheat from the United States. During the past 4 years, it imported a total of 422 million bushels of U.S. wheat and, according to present plans, its wheat purchases in the United States in the next 4 years will be considerably larger. In 1960 alone, India bought 146 million bushels of U.S. wheat.

Practically all of the U.S. wheat exported to India is paid for with local currency (rupees) under the provisions of Title I of Public Law 480. Since the enactment of P.L. 480 in July 1954, India and the United States have signed five agreements and several supplemental agreements, which provided for the sale of more than $2.3 billion worth of U.S. agricultural commodities (including some ocean transportation costs) to India for rupees. Wheat accounted for about 85 percent of the dollar value of these agreements.

The largest Title I agreement in the history of P.L. 480 operations was signed with India on May 4, 1960, providing for the sale of 590 million bushels of wheat over a 4-year period ending June 30, 1964. It also permits India to establish a 147-million-bushel reserve stock of wheat.

While this program has been in operation for less than a year, India has already increased its stocks of wheat by more than 37 million bushels. This increase in available supplies has had a very marked stabilizing effect on local prices and supply throughout the country. Moreover, it has given the Indians in all walks of life, from government officials down to the village-level workers, a feeling of "security against hunger"—which is highly important in a country that has been plagued so many times with severe food famines.

The rupees received by the United States as payment for the wheat sold to India are used for many purposes, among which are loans and grants to the Government of India for economic development and for health and education programs. Thus, the wheat and other agricultural commodities which the United States has in abundance are being "put to work" in India under a food-for-peace formula to serve a twofold purpose—supplying food to empty stomachs and at the same time, promoting India's economic development and the health and well-being of its people.

—HORACE J. DAVIS

Pakistan

Pakistan, which ranks sixth in world population, consists of two widely separated wings, with 1,100 miles of Indian territory intervening. In West Pakistan, 40 million people live in an area comparable to that of Utah, Arizona, and New Mexico. In East Pakistan, the population-land ration is even higher—50 million people in an area the size of Louisiana.

West Pakistan is both the wheat-growing and the wheat-consuming section of the country. Here around 133 million bushels are harvested each April and May from about 10.5 million acres of land. Approximately one-third of this is grown on dry land, the remainder under irrigation.

The typical Pakistani farmer, using his primitive plow and float drawn by a pair of bullocks or a camel, will sow by broadcasting a Pacific Northwest type of white wheat from the middle of October through early December. This year, however, little rain fell before and during the sowing period, so Pakistan is preparing itself for a reduced harvest in 1961. How short the crop will be is hard to estimate now but it could run 37 million bushels below average. This means that additional imports will be needed if the food requirements are to be met. (In West Pakistan, wheat constitutes 80 percent of the diet for the very large rural population.)

Most of the imported wheat comes from the United States as Public Law 480 shipments, although Australia and Canada also supply some. In 1957-58, U.S. shipments totaled 441,000 long tons, or 63 percent of total wheat imports; whereas last year, 1959-60, they amounted to 540,000 tons, or 75 percent. The Pakistanis prefer U.S. Pacific white wheat and the Australian wheats because the whole wheat flour, called "atta," ground from these wheats resembles that which is produced from their own product, both in color and protein content.

—DONALD L. MACDONALD

Grain being threshed old-style with a wooden sledge, on the wide Plain of Anatolia, Turkey's best wheat region.

After grain is threshed, peasant women clean it by tossing it into the air to let the wind blow the chaff away.

Turkey Re-examines Its Wheat Policy

By HOWARD AKERS
U.S. Agricultural Attaché, Ankara

For some years, Turkey has been attempting to expand its wheat output, with the double hope of earning foreign exchange through large exports and of covering its own very substantial needs—its per capita wheat consumption is among the largest in the world. However, Turkey is having to take a second look at both these goals. Neither has been met, despite an increase of nearly 3 million acres in wheat area and a 1960 crop even larger than the one of 1953, which resulted in the country's only substantial wheat export surplus. Further, the effort to boost wheat production has had some unhappy side effects on the nation's economy.

Turkey is an agricultural nation, with 75 to 80 percent of its people engaged in farming. It is attempting to industrialize, but to succeed in this attempt it must import the necessary machinery and equipment. Agricultural products supply 80 to 95 percent of Turkey's foreign exchange earnings, and on a short-time basis it is from agriculture that any increase in these earnings must come.

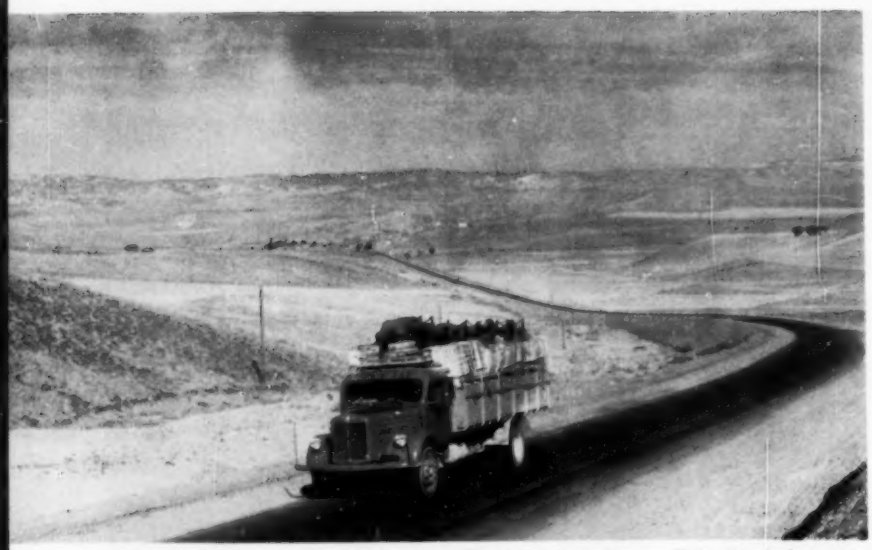
About 86 percent of Turkey's total farmland is planted to cereals, and wheat takes up about half of that. Early in the 1950's, Turkey had high hopes for exporting substantial quantities of cereals. The record wheat crop in 1953—8 million metric tons—reinforced these hopes; over a million tons was exported from that harvest. The area planted to wheat has increased since then from 15.8 million acres to 18.6 million; yet Turkey has become a net importer of wheat. For the crop years 1955-59, its imports totaled 1,572,000 tons and its exports only 738,000. For 1960, the Turkish Government has estimated production at a record 8.6 million tons; and still it has requested 450,000 tons of U.S. wheat under Public Law 480.

Judging by this request, the need for wheat in Turkey has increased by about 2 million tons since 1953. Actually, the figures are somewhat misleading; there was a larger carryin for 1953 than for 1960, which would narrow the gap somewhat. It is true that with a population of 26 million increasing annually by nearly 3 percent, Turkey has needed and will continue to need a lot of wheat each year. It is equally true that to have self-sufficiency in wheat for any particular year—to say nothing of exports—Turkey must have exceptionally good growing conditions. However, on a year-in and year-out basis, it is technically possible for the wheat crop to meet the country's needs.

Meanwhile, the expansion in cereal acreage has had some detrimental effects on Turkish agriculture and the Turkish economy in general. For example, the livestock industry has suffered. The number of livestock has been increasing, but much of the grassland to maintain it has been plowed up for cereal crops.

The production of cereals in Turkey involves many problems. One of the most serious—which can only be adapted to, not solved—is the undependable climate in the major growing areas. Although cereals are produced in every part of the country, the surplus producing area is on the high, dry Anatolian Plain, which is about the size of Texas and not unlike it in climate. The average rainfall of Ankara, near the center of the Plain, has been 11 inches per year over the last 25 years. The amount and time of rainfall is the determining factor for cereal production; rains in the fall and again in May and June are essential for a good crop. When these rains fail, as they have several times in the past few years, crops fail too.

Much progress has been made in developing drought-resistant cereal varie-



Equipment is a major problem for Turkish agriculture. This truck is carrying Turkish-made wheelbarrows and tools to farmers of the Anatolian Plain.

ties, adapted to the various regions of Turkey but seeds of these varieties still must be made available to peasant farmers in quantity. Irrigation helps too, but facilities are still far short of the need.

Practically every known method of growing, harvesting, and marketing grain is used in Turkey. In the same area, planting may be carried out with modern equipment, with oxen and wooden plows, and by hand. Modern combines can be seen side by side with hand-harvesting and with threshing tables where oxen pull wooden sledges. Also used are combinations of the old and the new, such as a tractor pulling a sledge on a threshing table. All these methods present problems. The peasants who use oxen and wooden plows and harvest by hand have difficulty in getting the seedbed in condition to plant; and they cannot plant and harvest with the speed and efficiency necessary to obtain good yield and a high-quality product.

The mechanized farms have a different problem. The number of farm tractors increased from 1,756 in 1948 to 44,144 in 1957; but by 1958 it was estimated that from 8,000 to 10,000 of these tractors were no longer in operation. The reason—not enough agricultural commodities had been exported to get the foreign exchange needed for buying spare parts.

Another drawback to Turkish agriculture is that with a land area about the size of Texas and Louisiana, Turkey has over 4 million farm families—about the same as in the United States—so average size of farm is too small for mechanized equipment. Furthermore, this equipment is not available to many owners of larger farms. The vast majority use the same methods their ancestors were using in 1000 to 1200 A.D. when they arrived in Turkey from the east.

In contrast to the peasant farms there are several very large state farms, set up during World War I primarily as production units. The government felt that peasant farming could not supply the nation's wartime needs for cereals. These units have been operated efficiently, and more emphasis is now being placed on them as demonstration units and for furnishing good seed to farmers.

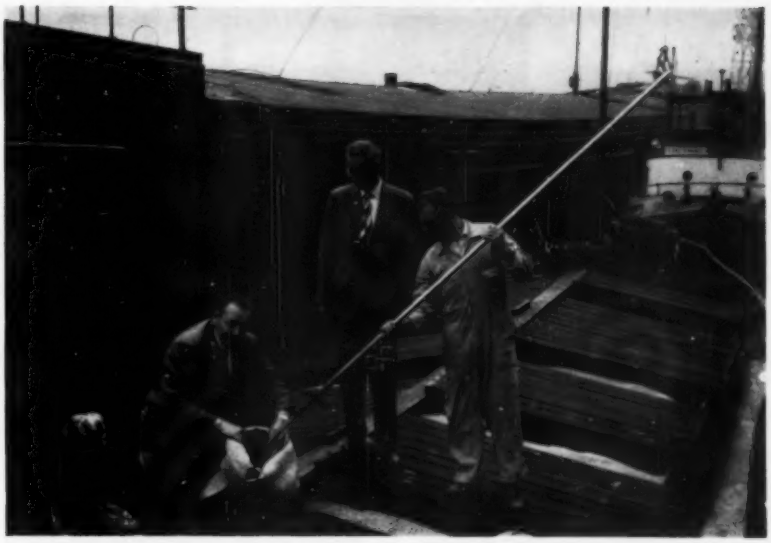
Perhaps the most crucial problem Turkey faces with relation to wheat is that of storage and marketing. The peasant farmer produces, as a rule, very little above his own family's needs; and when he does, he tends to store the excess in the ground by his home in the event his crop fails the next year. Turkey's marketing system accommodates itself to this tendency. Its keystone is Toprak, a government organization with buying points througout the country. Before June 15 each year, Toprak announces the price, terms, and conditions of purchase for the crop year to come. Any wheat production above the amount—about 6 million tons—that is stored by individual farmers and villages for their own use moves into the hands of Toprak, the merchants, and the commercial flour millers, to supply the larger towns and the cities. About a million tons of wheat is used each year for this purpose.

On the basis of these figures for consumption, or need, and of the Turkish estimate for wheat production this crop year, Turkey would not require P.L. 480 wheat. However, the official Turkish estimate is believed to be too high by about 1.6 million tons. Further, because last year's crop was extremely short, the farmers replenished their stocks from the new wheat, and not enough wheat was sold to Toprak or the free market to cover the needs of the town and city people.

In principle, Toprak's policy is to carry over enough wheat each year to supply the needs of the cities when the crop is bad. In practice, this policy has never been effective because Turkey's critical need of foreign exchange has impelled it to export grain when crops are good, trusting to recoup the loss next year by a better crop or by imports.

From a short-term viewpoint, Turkey must have P.L. 480 wheat from the United States, or the city people will go hungry. There is not enough foreign exchange this year for ordinary commercial imports of wheat. From a longer-term viewpoint, Turkey must increase its wheat production to feed its expanding population. But this increase must come about primarily through technical improvements in production, for the area devoted to cereals is already overexpanded.

In this connection, the urgency of Turkey's grain situation was pointed out 2 years ago in a lengthy report published by the United Nations Food and Agriculture Organization. This report recommended that Turkey add 5 million acres to its irrigated land by 1975, and that it put 20 percent of its cereal land into fully productive grassland. As Turkey's population continues to increase, it will need to take extra care of its farmland and lean more heavily on its livestock as a source of foreign exchange.



Cargo sampling provides the data U.S. wheat growers need to evaluate their shipments. Here, T. F. Fiedler, of the Great Plains Rotterdam office, kneels to check a sample.

How U.S. Wheat Growers Have Boosted Overseas Sales

For the past couple of years, the U.S. wheat growers—through their twin organizations Great Plains Wheat, Inc., and Western Wheat Associates—have been working with USDA's Foreign Agricultural Service to perform a two-way service that helps wheat buyers and sellers alike. This service is designed to provide for both sides the kind of down-to-earth information that builds good business relationships. Buyers can find out exactly what the qualities of U.S. wheat are, how it compares with the wheat of other exporting countries, and how it can best be used. Sellers can find out exactly what kinds of wheat the buyers want, and whether U.S. wheat fills the bill.

Basic to the wheat growers' two-way operations are the regional offices they have set up in major importing areas of the world: Rotterdam (for Western Europe, the Mediterranean area, and Africa); Lima (for much of South America); Washington, D. C. (for the Caribbean and Central America); and Tokyo, Karachi, and New Delhi (for Asia). This spring an office may be added in Cairo, with responsibility for the Middle East, and one in Manila to serve the Philippine Republic.

Typical of the experts who staff the regional offices is Henning Vontillius, a Dane with long experience in the U.S. grain trade, who is European Grain Consultant at the Great Plains Wheat office in Rotterdam. His special assignment is the sampling of wheat cargoes in four major European ports. However, his background qualifies him to explain to the European milling and baking trades many phases of U.S. wheat production, grading, and marketing which have puzzled them. In turn, he passes on their comments and suggestions to his home office and to the U.S. headquarters of exporting firms.

A somewhat different job is done at the Wheat Associates office in New Delhi, India, by Terence McDonald, who took a 2-year leave of absence from his vice presidency of a Kansas flour mill to serve the wheat growers as a grain and milling technician. Activities in the New Delhi office are varied. One day, the staff may advise government officials on the quality of wheat to order. Next day, they may meet with operators of small bakeries on production problems. The day after, they may help village leaders stage a demonstration featuring such wheat foods as chapatties, tanduri bread, or bulgur wheat. Also, Mr. McDonald,

Terence McDonald shows group of Indians foods made of U.S. wheat flour.

Roy Durham, right, presents a report to Colombian Minister of Agriculture.

who has had considerable experience in grain storage, is frequently consulted on storage structures and measures necessary to preserve grain quality. Currently, India is building up its grain storage capacity, with the goal of a 5-million-ton buffer stock composed chiefly of wheat.

Wheat Sampling and Testing

The foreign offices had been in operation only a short time before they started receiving occasional complaints about the quality of U.S. wheat exports. Staff members asked themselves, Were these complaints justified, or did they reflect a lack of understanding about official U.S. grain standards? The only way to find out was a comprehensive sampling program.

U.S. wheat-grower representatives have won the agreement of other major exporting countries to the pulling of wheat samples from cargoes entering major ports in Europe, Asia, and South America. Each batch of samples is split into three: for laboratory analysis of chemical properties, for tests of milling and baking performance, and for rating according to U.S. grain standards. In this way, U.S. wheat can be measured scientifically against the wheat of other countries, for all samples receive the same tests.

Since the program was launched, hundreds of samples have been processed from wheat cargoes originating in the United States, Argentina, Russia, Canada, France, Australia, and other exporting countries. When this long-term project is completed, U.S. wheat growers will know whether they should recommend changes in the U.S. marketing and grading systems.

One illustration of how the sampling program operates is the work of Roy K. Durham for the Great Plains Wheat office in Lima, Peru. Mr. Durham, a cereal chemist, had access to the facilities and trained staff of the La Molina cereal testing laboratory, operated by the Peruvian Ministry of Agriculture with help from the U.S. International Cooperation Administration. First, he and the staff worked out procedures for analyzing the wheat samples picked up from imported wheat cargoes at major South American ports. Then, with these techniques, they compared the physical qualities and the milling and baking characteristics of all the various wheats imported by Peru—Canadian, Uruguayan, Argentine, and U.S. Results of the analysis, which covered 14 kinds of wheat and 59 separate lots, will be used as a guide by Peruvian millers in purchasing future wheat requirements.

In India, Wheat Associates director Dr. D. D. Hill personally makes an independent inspection of each sample. This work has led the Indian Government to ask that he conduct in-service training programs for its inspectors.

Technical Aids

Another phase of the wheat grower's effort concerns the actual ways that wheat is used in the importing countries—the technical aspects of milling and blending. In each country, millers and bakers have their own problems, related to the wheat products the people eat and to the industry's own methods and traditions. U.S. technicians can bring their experience to bear on these problems.

For example, Roy Durham and the La Molina laboratory helped give Peruvian bakers a scientific basis for judging what kinds of flour best meet their needs. This was done through a comparative baking test involving 5 different U.S. flours and 2 types of flour milled in Peru from imported wheats, plus blends of U.S. and locally milled flours. Almost every evaluation factor proved the U.S. flour superior to that milled in Peru from imported wheats, and the blends of U.S. with Peruvian flours superior to the 100-percent Peruvian product.

The problem is quite different in Europe. There the milling and baking trades—old and well established compared with those in most parts of the world—already have strong ideas about what kinds of flour they need. The question is, how can they find out whether U.S. wheat has the qualities that will produce satisfactory flours for their requirements?

The U.S. wheat growers sent James Doty, head of a firm of cereal technologists in Kansas City, Mo., to talk this over with European millers and bakers. He soon discovered that the quality reports available on U.S. crops were of small help to the Europeans. Most of Europe's own wheat is soft; so European laboratories have developed special equipment which measures gluten quality in ranges entirely different from those used in laboratories in the United States.

As a result of this survey, Great Plains Wheat, Inc., is buying the necessary equipment, and will evaluate the quality of each year's crop according to the methods used in Europe and other parts of the world. This will put the seller on common ground with the buyer in discussing gluten quality of wheat.

Surveys of Import Needs

U.S. wheat experts often help provide the kind of basic data a country needs in setting the level of its wheat imports. For example, the Colombian Ministry of Agriculture assigned Roy Durham, in cooperation with FAS cereal technologist Edward F. Seeborg, the job of surveying Colombia's needs for imports of wheat and flour. Here are some of their conclusions.

For adequate nutrition, Colombia's wheat consumption should be at least 333,000 metric tons a year, as against a domestic output providing only 130,000 tons for human use. Filling this deficit would require larger imports of both wheat and flour. Of these, about 143,000 tons should be high-protein hard wheat, for Colombian bakers agree that to make satisfactory bread, they need to blend the flour from local wheat with flour of higher protein. Milling this imported wheat would help mills bring down their unit costs, so that their flour could compete better with imported flour. As a further protection to local mills, flour imports should consist of specialty types not milled in Colombia.

Projects like all these have provided U.S. wheat growers, too, with basic data, such as they need in planning for future markets. The first 2 years of work by the growers' associations were largely taken up with this kind of fact-finding. As Clifford R. Hope, president of Great Plains Wheat, Inc., put it, "We began pinpointing barriers and problems, some of which we did not realize existed before we became involved in market development."

Independent Sierra Leone
—diamond-rich, rice-poor

Photographs courtesy Dept. Info., Sierra Leone

Rice is Sierra Leone's chief agricultural product. Shown here is the parboiled rice ready for drying.

Left, diamond digging in the Kono District. After discovery of diamonds, rice growing was neglected.

By SNIDER W. SKINNER
Africa and Middle East Analysis
Foreign Agricultural Service

Last year was a banner year for African independence. Seventeen countries received their national freedom. This year, however, only Sierra Leone, a British colony and protectorate, is scheduled for independence. On April 27 it will become a sovereign nation.

Sierra Leone is situated on the west coast of Africa between Guinea and Liberia. Its population totals around 2¼ million, and its area of 27,925 square miles is somewhat less than that of South Carolina. Unlike many African countries, Sierra Leone does not depend chiefly on agriculture. In 1959, the greater share of the country's income was derived from diamonds, iron ore, and chrome, while agricultural products accounted for only 33 percent of its exports.

This small African country is the British counterpart of Liberia. Repatriated slaves from British colonies or Africans rescued from slave ships were brought there by the British just as Liberia was founded by freed slaves from the United States. For many years, Sierra Leone—Spanish for "Lion Mountain"—had a quiet existence under the benevolent tutelage of Great Britain. The chief aim of the colonial government was to increase rice production in order to prevent the "hungry season" each year. This program succeeded so well that in 1953 the country actually exported a few hundred tons of rice.

Then in 1954 a diamond rush began that was reminiscent of California's 1849 gold rush. When the Sierra Leoneans caught diamond fever, they lost interest in raising rice. Crop production fell off, and prices rose in true gold-rush fashion. In 1956 Sierra Leone had to import 41,200 short tons of rice, and in 1959, 48,500 tons. (Besides rice, cassava, or manioc, is an important domestic food crop.)

A corporation, Sierra Leone Selection Trust, Ltd., had a monopoly on diamond mining in the country, but this monopoly became somewhat theoretical when thousands of Sierra Leoneans and other West Africans began illicit digging for diamonds. These illicit diamonds were smuggled out of the country, depriving the government of much-needed revenue from royalties and export duties.

It must be admitted, though, that the diamond boom brought an uneven and disorganized prosperity. An official report stated: "Almost everybody except government officers benefited from the influx of money. Farmers received higher prices for their produce. Traders did more business, often as much as one hundred percent more. . . . A few years ago cotton goods and enamelware were the general stock in trade, but now expensive silk and nylon fabrics and tinned European foodstuffs are in common demand. . . . New and better houses in towns and villages became a common sight. . . rents and prices for house lots soared. In the diamond area corrugated iron roofs became almost as common as thatch. Alcoholic drinks, at prices out of all relation to basic rates of wages and the economic life of the country, were to be obtained at the most unlikely and widespread places. . . . Radios and gramophones were bought and mishandled with carefree abandon, and lent transitory gaiety to places

which were unbelievably squalid."

Lately, the diamond-mining situation has quieted considerably. The monopoly franchise was reduced in scope, many hundreds of diamond-mining licenses were issued to Sierra Leone operators, and thousands of "strangers" were persuaded to leave the country. Now it is quite possible that the country will soon have legal diamonds to export and sufficient home-grown rice to eat. In fact, a good but not spectacular future is predicted for independent Sierra Leone, with a stable government and economy.

Agricultural exports from Sierra Leone in 1959 included the following:

	Quantity *1,000 s. t.*	Value *1,000 dol.*
Palm kernels	64.5	8,892
Coffee, raw	5.5	2,758
Cocoa beans	3.0	1,964
Piassava (palm fiber)	6.1	665
Kola nuts	.9	313
Ginger	1.2	287
Other agricultural		90
Total agricultural		14,969
Nonagricultural		30,950
Total exports		45,919

Sierra Leone's best customer in 1959 (counting both agricultural and nonagricultural exports) was the United Kingdom, which took 70 percent of its exports. The Netherlands bought 15 percent; West Germany, 8 percent; and the United States, 5 percent.

Total imports in 1959 amounted to approximately $65.9 million. The apparent $20-million trade deficit is probably explained, at least partly, by diamonds smuggled out of the country in 1959 that did not show up in the export total. In value, agricultural imports accounted for 25 percent of total imports, which is rather high for Africa. These imports included the commodities in the tabulation at the right.

Sierra Leone's chief suppliers, both agricultural and nonagricultural, were the United Kingdom, 44 percent of total; Japan, 10 percent; Burma, 5 percent; Italy, 5 percent; and Netherlands, 5 percent. The chief suppliers of rice were Burma, Italy, Spain, and China. And though trade with the United States is comparatively limited, in 1959 Sierra Leone bought 6,600 tons of flour and 200 tons of milk and cream from the United States and in return sold the United States 3,400 tons of coffee and 300 tons of ginger.

Return to Currency Convertibility Aids Agricultural Trade Outlook

In a concerted move guided by the International Monetary Fund, 10 countries—9 in Europe and 1 in Latin America—recently made their currencies convertible. These 10 countries—which include some of the principal foreign markets for the agricultural products of the United States—are Belgium, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Sweden, the United Kingdom, and Peru.

The move marked the formal end to the "temporary" exchange restrictions originating during World War II and recognized as justifiable in the Bretton Woods Agreement of 1945, which established the IMF. Under the Agreement, countries joining the IMF could choose between two sets of obligations—those prescribed in Article VIII or in Article XIV (sometimes popularly referred to as the rules for convertibility and nonconvertibility, respectively). At first, none of the countries in or near the former warzone areas were financially strong enough to afford full freedom to currency movements; only the United States, Canada, and a group of Caribbean countries accepted the obligations of Article VIII.

For the European countries, the move to convertibility completes the steps begun with the "external convertibility" measures taken in December 1958. (See "Economic Progress Increases Monetary Freedom in Europe," in *Foreign Agriculture*, March 1959, p. 3.) By making foreign-owned balances of their currencies freely transferable into any other currency, including dollars, these countries eliminated the basis for discrimination in trade and payments as between one currency and another. Since the United States had borne the brunt of currency discrimination during the long postwar period of "dollar shortage," this change was a major step forward in removing the obstacles to U.S. export trade.

In some of the countries, controls on capital movements remain in force, but these do not apply to current payments for trade, services, tourism, remittances, and the like. Under the IMF rules, also, member countries which have accepted the Article VIII obligations cannot reimpose restrictions on current payments without IMF approval.

In its announcement of the new measures, the IMF pointed out that "As a result of today's action, practically all currencies used to finance international trade and payments are now convertible under Article VIII. In this way an important step has been taken towards the realization of the multilateral system of payments envisaged in the Fund Agreement, and the move gives added assurance that the convertibility of the major trading currencies will continue unimpaired and that the balanced growth of world trade will not be hampered by any unwarranted use of exchange restrictions."

The restoration of convertibility to the world's leading trading currencies primarily reflects the success of the countries concerned in strengthening their economies. The IMF also, however, has played an important part by providing financial assistance when needed and by pressing, in its policy statements and its regular consultations with member countries, for progress in the removal of restrictions that have hindered international trade.

	Quantity *1,000 s. t.*	Value *1,000 dol.*
Rice	48.5	5,577
Sugar	13.0	1,723
Wheat flour	13.2	1,635
Tobacco, unmanufactured	.7	721
Milk and cream	1.5	615
Fruits	2.4	509
Meats	.9	477
Cereal preparations	.9	405
Onions and garlic	5.0	361
Vegetable oils	1.1	326
Vegetables	2.4	306
Butter and cheese	.2	257
Other dairy products	.2	189
	1,000 imp. gal.	
Beer	1,509	2,274
Wines	427	538
Other agricultural		699
Total agricultural		16,592
Nonagricultural		49,264
Total imports		65,856

Prepared in the International Monetary Branch, Foreign Agricultural Service.

The U.S. flag hanging from a balcony at the right, with the Palace of St. James downstreet at far left, marks the future home of the London Trade Center.

Our New Trade Center In London

Some new sales approaches are taking shape in our oldest foreign market as plans proceed for the London Trade Center, scheduled to open this summer. This article sets forth the reasons for the Center and some of the things it will do.

By R. N. ANDERSON, U.S. Agricultural Attaché and ELMER W. HALLOWELL, Assistant Attaché, London

Nowhere is selling competition for food and agricultural products more keen today than in the big market of Britain. Many of its suppliers claim special rights and privileges. Naturally enough, these include its own farmers, whose entire production meets only about half of the country's total food needs. They include also the other Commonwealth countries, which regard their close relations and special agreements for items like meat, dairy products, and sugar as family ties and inherited rights to the British market. Besides, traditional suppliers of certain products feel they have built the markets for these items and thereby acquired priority rights to them.

Still, the size and freedom of this, the world's biggest import market, leaves room for all to get a share. The sizes of the shares are decided largely by the competitive position of the products themselves, as determined by their quality and price differences. When differences in quality and price are not too noticeable, the salesmanship of the suppliers themselves becomes the most important factor. Salesmanship, in this sense, includes presentation and followup, close contact, and continued friendly relations with the trade. For all these, the London Trade Center being sponsored jointly by the Departments of Commerce and Agriculture will provide a focal point.

The idea of a trade center in market promotion is not new to Europeans, who have long been accustomed to the use of fairs, expositions, and various displays as one of the principal means of advertising and selling their products. Nor is it new to those Americans who have seen one of the 26 trade centers that foreign governments operate in our own big cities. It is, however, a new venture for the U.S. Government, and London is a particularly good place for our first such center.

Location of the Center will be on St. James's Street, just off Piccadilly, in one of the busiest sections of London. The Center will have a large hall and show window on the ground floor where displays of American commercial and agricultural products can be shown. According to present plans, the formal opening will take place in June. Commerce and Agriculture will both participate in this show, but the first main big agricultural display will be held in September. Current thinking is that Agriculture will have two main shows yearly, though plans will be adjusted in the light of experience. Selected foods and agricultural products will be displayed in these exhibits, which will be aimed primarily at interested trade groups especially invited to visit the Center.

In connection with the exhibits, there will be such other activities as demonstrations, receptions, lectures, and showings of slides and pictures. These will be arranged to attract and interest prospective importers and other buyers, including executives of chainstores and of other wholesale and retail enterprises, as well as processors, caterers, home economics technicians, and other important groups in a position to influence demand for U.S. products. These functions will provide opportunity for salesmanship through better understanding.

Since the agricultural part of the Center will be an extension of the activities of the Agricultural Attaché Office, space will be provided in the same building for an Assistant Attaché

and a local market promotion assistant. Adjacent to their offices will be rooms for conferences and permanent displays and an office for visiting officials and cooperators in market development projects. Officials of various commodity trade associations will be able to use these facilities for their contacts and conferences, and to make the Center their headquarters while visiting London. The Center also expects to serve U.S. and British businessmen interested in U.S. agricultural exports. Its area will include a small reference-library room shared by Commerce and Agriculture, where customers can find out about the U.S. sources of supply for various products and get up-to-the-minute market information.

From time to time, the Center will hold conferences, symposiums, and special displays and demonstrations to stimulate the interest of the various trade and industry groups in U.S. agricultural products. Thus, besides its main agricultural shows, the Center will have an active program for agriculture the year round.

Several special promotion programs which were tried during the 1960 Food Fair in London last September, and which proved highly successful, may be used on a wider scale as models for similar programs in connection with the Trade Center. For example, contacts were made with leading British women's magazine and food trade editors, to tell them about the program and solicit their interest and help. Visits were paid to the executives of more than 25 department-store and chainstore organizations. Result was the placement of over 5,000 U.S. posters and window stickers and special displays of American food products in several hundred stores in the London and Home Counties area. This area houses more than 10 million people—approximately 20 percent of the population of the United Kingdom.

This London experience with trade promotion programs clearly demonstrates that there is a vast amount of latent interest in and demand for American farm products, and that this demand can be activated, to the advantage of American agriculture and industry. The new Trade Center will help U.S. trade cooperators launch and continue special U.K. promotion drives covering food items and other agricultural products. Thus it will put the United States in the running with other countries which supply this market and which have had, for some time, active market promotion programs and centers of this type.

Common Market Commission Forecasts Smaller Food Import Needs by 1965

The Commission of the European Economic Community (EEC, or Common Market) has recently estimated what the area's production, consumption, and import requirements might be for some agricultural products by 1965 if agricultural policies and levels of protection in member countries remain unchanged.[1]

Three sets of estimates—maximum, middle, and minimum—were made for demand, based on three assumptions as to the probable growth of per capita income. For *beef,* net imports of which averaged 213,000 metric tons in the fiscal years 1955-57, the EEC Commission's middle estimate for 1965 is 170,000 tons. For *dairy products,* an average export surplus in 1955-57 of 300,000 tons (expressed in terms of whole milk) is expected to grow into a surplus of from 4 million to 6 million tons, corresponding to 160,000-240,000 tons of butter. The reason given is the further expansion forecast in France—an expansion "that could not possibly find buyers . . . at present prices for dairy products."

For *sugar,* the middle estimate is an export surplus of 500,000 tons by 1965 (France and Italy), compared with an import deficit in 1955-57 of 137,000 tons. Specific possibilities for avoiding such a surplus are presented (for example, production control and a price policy aimed at expanding consumption). This comment contrasts with the mere mention of the "present price level for dairy products" as a reason for the dairy surplus expected.

Imports of *wheat,* over 3 million tons on a net basis in 1955-57 (including a bad crop year), may be reduced to almost nothing by 1965. The report comments, "The quantities that will have to be imported for quality reasons will make it necessary for the member countries to export or stock equivalent quantities." The Commission makes no attempt at hiding its view that, to prevent further expansion of production and to encourage the feeding of lower quality wheat, prices would have to come down.

For *feed grains,* the middle estimate of the Commission foresees a net import of only about 5½ million tons, compared with 6½ million in 1955-57. Both figures include the grain equivalent of imported poultry, eggs, and pork (260,000 tons of grain equivalent in 1955-57). The Commission leaves no doubt about the need for avoiding acreage expansion and price increases. Otherwise, it points out, the position for feed grains might become as uncomfortable as that for wheat, as a result both of expanded output and of reduced demand for animals that have been fed with expensive grain.

The Commission offers no special forecast of how these imports will be divided as between feed grains and such products as poultry, eggs, and pork. It must be presumed that some of the latter will continue to be imported in modest volume. Imports of feed grain are unlikely, however, to be displaced on a large scale by imports of poultry, eggs, and pork, since these products are among those best suited for production on the small farms in which the EEC area abounds.

Since these projections are based on the assumption of a continuation of present policies in member countries, they do not take into account the future impact of the Common Agricultural Policy (much of which, including prices, remains to be settled).

[1] For the full report, see European Economic Community, *Tendances de la production et de la consommation en denrées alimentaires dans la Communauté Economique Européenne.*

CORRECTION: The January *Foreign Agriculture* published a short article entitled *Agriculture Abounds in Confusing Names,* in which we confused the situation still further by calling Manila hemp a soft fiber and true hemp a hard fiber. It's just the reverse.

Uruguay Embarks Upon New Economic Recovery Program

After years of economic difficulties, the Uruguayan Government recently began a determined drive to restore prosperity in both its internal and external affairs.

By GORDON PATTY
Latin American Analysis Branch
Foreign Agricultural Service

Uruguay, South America's smallest Republic, has launched several new programs to speed economic recovery. Among them are a stabilization agreement with the International Monetary Fund, some important tax changes, and a number of actions to increase agricultural productivity. All are designed to relieve the critical economic troubles brought about by continued deficit spending and trade imbalances.

These economic troubles began when Uruguay, which depends on wool and meat exports for most of its foreign exchange, developed large imbalances in its trade as a consequence of a decline in world prices for the two commodities. Low exchange rates on its major export products contributed to the reduction in foreign exchange earnings; and the severe restrictions put on imports as a result brought strong inflationary pressures. Meanwhile agricultural production was damaged in 1959 and 1960 by alternating periods of heavy rains and dry spells. During the last 2 years all these pressures, together with increased amounts of currency in circulation, have produced a rise of about 90 percent in the cost of living.

Exchange Reform

The new programs reinforce the 1959 exchange reform, one of the first major economic recovery measures of the new government which took office early that same year. For the old multiple exchange system, which featured varying rates for different products, the exchange reform law substituted a single free exchange regime. It also set up three groups of imports: (1) Those free from quantity controls and able to enter without prior deposit requirement or surcharges; (2) those freed, but with deposits of 50, 100, or 150 percent required; and (3) those that are either luxuries or competitive with domestic industry, to be prohibited until the application at a future date of surcharges not to exceed 300 percent. The law provided for export taxes ranging between 5 and 50 percent of the peso exchange value, and stated that revenue from these taxes would be used to stabilize food prices, raise agricultural productivity, and improve public facilities.

Stabilization Agreement

In September 1960, Uruguay completed negotiations with the International Monetary Fund to enter into a stabilization agreement. In connection with this agreement, a decree was issued on September 29, freeing those imports which were still prohibited and making all items subject to surcharges of 40, 75, and 150 percent unless free of surcharge requirements. The decree further stated that import items carrying surcharges of 150 percent were also subject to prior deposits of 100 percent, repayable after 9 months. The IMF then set up a standby credit of $30 million to cushion the stabilization reform; and Uruguay, for its part, agreed to restrict credit and to balance budgets and foreign payments. Under the agreement, Uruguay is to simplify, reduce, and finally eliminate export taxes and import surcharges and deposits within 2 years; to withdraw within 1 year from all bilateral agreements except those with Brazil and Argentina; and to finance the government's budget and those of the autonomous agencies from noninflationary sources.

Also in keeping with the agreement, Uruguay passed a new income tax law on November 30, 1960—the first such law in its history. About the same time, it eliminated all remaining controls on prices of wheat and wheat products, having taken the first step in this direction in August 1960 when it announced that there would be no producer price supports for the 1960-61 wheat crop. Near the end of the year, it lowered wool export taxes from 35 percent of the value to 25.

Farm Programs

Programs to improve agricultural productivity have also received attention. Early in 1960 Uruguay received a World Bank loan of $7 million to finance a livestock improvement program under which a pilot group of 600 farmers are receiving supervised credit for better pasture and grazing methods. Then late in 1960 another program to promote general agricultural development received legislative approval. The funds needed for it—about 80 million pesos, which is equivalent to $7 million—will come from export taxes, and it will be administered by the Ministry of Agriculture and Livestock. This plan calls for increasing the use of fertilizer, promoting the use of improved seed, reducing the production cycle for cattle, and increasing agricultural efficiency through such means as better research and extension.

While it is too early for substantial results from all these new economic recovery programs, a few trends can already be seen and a few possibilities predicted. One consequence, judged on the basis of incomplete data for 1960, seems to be that Uruguay's foreign trade is turning away from the Sino-Soviet Block and back to more traditional markets. Another is the appearance of some encouraging signs with regard to Uruguay's two main exports: meat accounted for a larger share of foreign exchange earnings during 1960, and the lowering of wool export taxes has stimulated sales of accumulated wool stocks in foreign markets. In farm productivity, too, the new development programs for agriculture promise some long-range improvement. On the whole, Uruguay's new programs bid fair to provide a better life for its people in future.

A kitchen demonstration bus sponsored by U.S. wheat growers goes from town to town showing Japanese housewives how they can prepare nutritive meals for their families at low cost.

By LOWELL S. HARDIN
and LEON F. HESSER*
Purdue University

Market Development in Japan
—an evaluation of U.S. activities

Consider trying to provide three well-balanced meals a day for a raw food cost of less than 20 cents per person. Impossible? Not in Japan. Hundreds of alert housewives are doing it, trying at the same time to serve more nutritive meals to their families.

U.S. market development programs have helped stimulate this interest in improved human nutrition while expanding markets in Japan for U.S. foodstuffs. To participate in these programs which help advance human welfare is an attractive proposition, for in such efforts we move with, not against, the economic stream. We can, of course, exert the necessary energy to force our way upstream, and sometimes this is desirable. But equal energy expended on a program that moves with or ahead of changes in economic trends may take us twice as far.

To be more specific, Japan's surging economy is similar in many respects to the energetic "young man in a hurry." The country's 93 million people are well educated. Its rebuilt industrial plant is modern. Even its miniature-sized, gardenlike farms are being mechanized slowly.

This energetic drive is carrying Japan to new highs in production, consumption, and savings. Annual incomes have risen to about $255 per person—the highest in Asia. And as incomes rise, consumption patterns change. Industrialization and urbanization also induce changes in what people eat and wear.

More Money, Better Food

Eating habits of people tend to move through at least three stages as incomes and standards of living rise. First, reliance on starchy foods decreases. Next, consumption of fats and oils—of both vegetable and animal origin—increases. Third, as people become more prosperous, animal proteins and protective foods make up larger portions of the diet.

The Japanese are already increasing consumption of fats and oils. And though per capita consumption of meat other than fish is less than 10 pounds annually, the appetite is being roused. Thus, the climb up the "standard of eating" ladder is well under way; and in the urban areas where over 60 percent of the people live, the change is taking place at an accelerating pace.

What are the implications of all this to those concerned with development of markets for farm products?

The answer appears rather obvious. Any attempt to market starchy foods in Japan for direct human consumption is moving against the stream. Japan imports about 20 percent of its staple foods but is now essentially self-sufficient in rice production. Extension of technical improvements in rice production is likely to continue to boost production more rapidly than Japan's 0.8 percent annual rate of population increase. Also, while use of bread is increasing, per capita noodle consumption is declining. So food wheat, in total, does not face an expanding market.

Feed grains, on the other hand, are sure to be used in increasing quantity if living and eating standards continue to rise at the 5- to 7-percent rate of recent years. Only part of the feed grains can be produced at home; consequently Japan's imports seem certain of an increase. Unfortunately, many Japanese poultry and livestock producers have a rather low opinion of U.S. corn. They dislike its "pale color and high moisture." Demonstration research in the use of U.S. feed grains under Japanese conditions is needed. Nevertheless, the direction that the stream is moving is clear. Less clear is the question of which potential feed grain supplier is moving fast enough to keep abreast of it.

* This article briefly summarizes a report which will be published in June as an Agricultural Experiment Station Bulletin, at Purdue University, Lafayette, Indiana.

One food crop is in a favored position insofar as U.S. exports to Japan are concerned. This is soybeans. We shipped more than 37 million bushels of soybeans to Japan last year, equal to about two-thirds of the total production of our State of Indiana.

Remember that many Japanese are at that middle stage on the nutrition ladder where fat and oil consumption is increasing. And soybeans are a major source of protein when you serve three balanced meals a day at a food cost of less than 20 cents. Add to this the potential future use of soybean meal as a source of protein in animal diets and you project further increases in soybean consumption.

Historically, most of Japan's soybean imports came from Manchuria but, at the present time, soybean trade with Mainland China is virtually nonexistent for political reasons. Should government policy change, many U.S. soybeans now shipped to Japan would need to find another outlet.

A Managed Economy

More than consumer tastes and levels of income is involved in developing or predicting the market potential in Japan for U.S. agricultural products. Japan's economy is a managed one. The government buys staple foods such as wheat at world prices and, before reselling domestically, prices are marked up, sometimes as much as 40 percent. Revenues are used to support the prices of domestic production of wheat, rice, and barley, or, as in the case of soybeans, import duties are imposed. This influences consumer prices.

Furthermore, Japan's trade is yet to be liberalized completely. Traders are not at liberty to buy anywhere in the world they please. Government permission is often necessary. And the availability of foreign exchange is a key consideration in assignment of import licenses or quotas for commodities originating in a particular country.

In more specific form, here are some of the findings of the study in which we evaluated the projects that were instituted to help develop markets for U.S. agricultural products in Japan:

Cotton.—Under strong competitive pressure from manmade fibers, cotton is taking a slightly decreasing share of an expanding domestic Japanese market for textiles. The market development project is exerting a positive influence on the domestic consumption of cotton products.

Wheat.—Consumption of hard wheat is increasing relative to the consumption of soft and semihard wheat in Japan. To date, the United States is not a principal supplier of hard wheat and, as pointed out, per capita consumption of food wheat is not likely to increase. Therefore, to maintain or increase wheat exports to Japan, the United States must become a supplier of more hard and semihard wheats.

Soybeans.—Until such time as trade is resumed with Mainland China, Japan's imports of U.S. soybeans are likely to increase.

Tobacco.—Japan is essentially self-sufficient in the quantity of tobacco it produces, but not in the high-quality flue-cured tobacco used for blending in cigarette production. So probably Japan will continue to buy abroad 4 to 5 percent of its tobacco needs, largely from the United States.

Tallow.—Imports of this low-cost fat are used primarily for soap manufacture. While more detergents are being produced, the market potential for soap is substantial.

Hides and skins.—Importers in Japan seek greater uniformity and standardization in quality. Leather faces stiff competition from substitutes, but as incomes rise, consumers reflect preferences for leather goods. This suggests an expanding market for hides and skins.

A Summing Up

Cooperative market development projects in Japan are serving a useful purpose, and U.S. exports of agricultural products to Japan are at higher levels than would prevail in the absence of these or equally satisfactory substitute programs. Individual projects, however, vary in their effectiveness. This may result partly from organization and partly from whether they are moving with the economic stream.

Fruitful opportunities exist for market analysis research to guide development activities, for, with study, we can predict the chances that a particular project has to succeed. The mere fact that a product is plentiful in the United States does not in itself provide sufficient reason to start a market development project in Japan.

As we extend or expand cooperative

Right, the Japanese-American Soybean Association puts on a cooking contest. Below, dairy products on sale in a modern food shop, Tokyo.

market development activities, we can improve. New, imaginative activities can be substituted for well-established ones; research and education can be given more emphasis; and U.S. industry support can be increased.

Finally, it should be pointed out that market development activities cannot be exclusively measured in terms of bales, bushels, tons, dollars, or yen. Indirect accomplishments are several. Person-to-person understanding is deepened. Insights are gained into the other nation's economy. Government-to-government contacts are broadened, and technology is exchanged. Such things may well have enduring value.

Australia Shipping Less Beef to the U.S.

Australian beef exports to the United States during 1960-61 are expected to total about 135 million pounds compared with almost 200 million a year earlier. Chief reasons are a shortage of marketable cattle in Australia and reduced U.S. demand.

Despite increased Australian beef production over the past decade, exports have not increased materially and domestic consumption has accounted for about 75 percent of the total output. However, the strong import demand by the United States and the United Kingdom in the past 2 years reduced domestic consumption to only 65 percent of total production and resulted in a sharp reduction in per capita meat consumption in Australia —from 125 pounds in 1957-58 to 101 pounds in 1959-60. (Per capita consumption in the United States last year was about 86 pounds.)

Normally 80 percent of Australian beef exports go to the United Kingdom but in 1959-60 exports to the United States were greater than shipments to the traditional market. Future beef exports to the United States will depend largely upon beef prices in the United Kingdom, Australia, and the United States. Shipments to the United States will continue to be mostly processing beef and some lower-grade cuts. Revolutionary changes in production methods will be necessary before exports of quality beef are likely to be shipped to the United States in any quantity.

Common Market Is Having Many Problems Framing Joint Policy for Fats and Oils

A unified fats and oils policy for the Common Market countries (Belgium, Luxembourg, the Netherlands, Italy, France, and West Germany) may be some time in the making.

The delay in fats and oils policy stems from wide separation in the policies and interests of the Six, as well as from many changes in conditions since January 1, 1958, when the Common Market came into being. Among the things on which a unified policy will depend is the reaching of agreement in four important areas: The future relationship of the Common Market with the former African territories of France and Belgium; the olive oil situation in Italy; the effect of rising butter production on margarine in the Common Market; and rapeseed production in France and West Germany.

The Common Market's future association with Africa, a matter of considerable uncertainty at present, is one of the main reasons why the fats and oils policy has been delayed. Some of the newly independent countries of Africa are among the world's major exporters of fats and oils.

For example, former French West Africa and the former Belgian Congo are major exporters of peanuts, peanut oil, palm kernels, and palm oil. However, production in the former French territories was encouraged at high prices, whereas the Benelux countries and West Germany favor low-priced oilseeds and fats. If the newly independent countries of West Africa link their economies with those of the Common Market, would support of their fats and oils be borne by France or by all of the Six, and how would it be financed? The Congo offers no such problem; its exports have not been supported and are competitive. Besides, it would be protected by the proposed 9-percent duty on palm oils, compared with a duty of 10 percent on competing oils.

Olive oil production in Italy is a high-cost industry, highly protected against competing vegetable oils. The share of olive oil in Italy's total consumption of edible oil ranges from 45 to 65 percent. As a member of the Common Market, however, Italy must lower its internal trade barriers against other members. These countries could then profitably ship vegetable oils to Italy, and this would decrease the prices received by the olive oil industry. A further complication is the fact that olives are raised in southern Italy, an area of chronic underemployment and low incomes. The expectation is that the problem will be handled locally rather than on a Six-Country basis.

Butter production in the Common Market area has risen rapidly in the last few years, and this rise is expected to continue, since the proposed dairy plan is likely to encourage the production of milk. Yet margarine is important in the diets of the Benelux countries and West Germany; and margarine manufacturers fear that further rises in butter production will lead to restrictions on other fats and oils and on margarine. It appears, however, that at least initially there will be no discrimination against imported fats and oils to protect butter.

Rapeseed is the only important oilseed, besides olives, that the Common Market countries raise. West Germany and France support its production at high prices. The German Government adds a further support by requiring margarine manufacturers to buy rapeseed oil equivalent to 5 percent of the total oil used in margarine production. Since rapeseed output is minor compared with total fats and oils imports, this problem is likely to be solved without import restrictions.

The United States takes great interest in the way these problems are being settled. The Common Market buys about half of the U.S. cottonseed oil exported, one-third of the soybeans, most of the flaxseed and linseed oil, 45 percent of the tallow and grease, over 10 percent of the soybean oil, and an increasing share of the oilseed meal. It is generally expected that Common Market policies will favor the continuation of a high level of trade in fats and oils.

U. S. Farm Exports in 1960 Set Value and Volume Records

U.S. exports of farm products in calendar 1960 reached new highs in both value and volume. Value, totaling $4.8 billion, was 22 percent above the previous year's figure and about 7 percent above the previous record set in 1957. Export volume was 23 percent larger than in 1959 and 14 percent larger than the 1957 record. Even so, these two new records are not as high as they would have been if greater liberalization of trade had given U.S. farm products better opportunities to compete in world markets.

Substantial value gains occurred in exports of cotton, wheat, rice, soybeans, and tobacco. Exports of meats and of hides and skins rose slightly; those of fruits and preparations showed little change from 1959; those of feed grains, vegetable oils, vegetables and preparations, animal fats, and dairy products fell somewhat.

Seventy percent of U.S. agricultural exports in 1960 were sales for dollars; these totaled $3,353 million, $630 million more than in the previous year. Three commodities—cotton, soybeans, and tobacco—accounted for over 90 percent of the increase in dollar sales. Government-financed programs—Public Law 480 and Mutual Security—accounted for 30 percent of the agricultural exports, and two-thirds of this 30 percent was foreign currency sales under Title I of P.L. 480.

Both foreign and domestic developments contributed to the peak level of agricultural exports. On the foreign side, economic activity in the industrialized countries continued its rapid advance. For many, gold and dollar holdings were at record levels.

On the domestic side, not only were there—as nearly always—plentiful supplies of high-quality farm products available for export, but the payment-in-kind program enabled the United States to compete successfully with other major producers in a number of world markets, such as those for cotton, wheat, rice, and feed grains. For the newly developing countries which were short of dollars, the United States continued to make farm products available under government-financed programs, primarily Title I of P.L. 480.

Cotton exports, excluding linters, expanded from 3.7 million running bales in 1959 to 7.5 million in 1960—the largest in over a quarter of a century. Western Europe continued to be the largest buyer, taking 3.7 million bales. Other important markets were Japan, 1.7 million; India, 600,000; and Canada, 300,000. Principal reasons for the increase were the continued high level of consumption in industrialized countries, ample supplies of U.S. cotton at competitive prices, and low levels of cotton stocks in major exporting countries. Last year, 1.3 million bales of cotton were shipped for foreign currencies under Title I of P.L. 480.

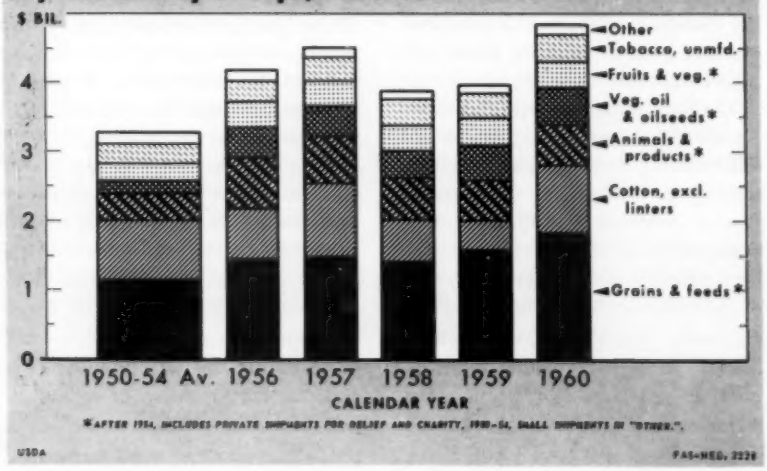
Wheat and *flour* exports of 601 million bushels were 158 million more than in 1959 and 99 million above the prior record in 1948. This substantial increase represented mostly shipments under Title I of P.L. 480, which rose by 136 million bushels to 370 million.

The major importers of U.S. wheat were India, Poland, UAR-Egypt, Pakistan, and Japan. India continued to be the largest recipient by taking 162 million bushels compared with 102 million the previous year. Exports to Western Europe increased slightly in the latter part of 1960 because of the low quality of the wheat harvested in Europe during the past season.

Milled rice exports, totaling 21.7 million bags (milled basis), were 41 percent larger than the 15.4 million exported in 1959. Most of the increase occurred in shipments under Title I of P.L. 480, which totaled 11 million bags compared with 6 million the year before. This increase in U.S. rice exports took place despite the sharp rise in the production of the Far East, an area that was a sizable outlet for U.S. rice in recent years under government-financed programs. The main foreign markets last year were India, Cuba, Indonesia, Pakistan, and Peru. Because of the deterioration in relations with Cuba, however, exports to that once-leading outlet fell from 3.7 million bags to 1.7 million.

Feed grain exports declined slightly from the record level shipped in the previous year, totaling 11.6 million tons compared with 12.5 million. The 1960 shipments consisted of corn, 221 million bushels; barley, 90 million; oats, 32 million; and grain sorghums, 97 million. Western Europe, the largest foreign outlet, took less this year because of the larger supplies of feed wheat on hand there after the past season's low-quality wheat harvest.

Trends in U. S. Agricultural Exports, By Commodity Groups, 1956-60



Prepared in the Trade Statistics Branch of the Foreign Agricultural Service.

However, exports to other areas expanded slightly.

Tobacco exports increased to 495 million pounds (export weight) from the 466 million of 1959. The principal foreign markets for U.S. leaf tobacco were the United Kingdom, West Germany, the Netherlands, Australia, Belgium, and Japan. Developments contributing to the expansion in tobacco exports were the above-average quality of the U.S. crop in 1960, relatively stable prices for U.S. leaf, and a rise in foreign cigarette consumption; but the continuation of foreign trade barriers against U.S. leaf limited further expansion in exports.

Soybean exports totaling 148 million bushels, a new record, were 20 percent above the 123 million exported in 1959. Japan and Western Europe were the major takers. The continued rise in exports stems primarily from an increase in foreign consumption, little change in total foreign output of vegetable oils and oilbearing materials, and increased feeding of soybean meal to livestock.

Combined shipments of *soybean* and *cottonseed oil* totaled 1,505 million pounds compared with 1,408 million in the previous year. This export rise came from increased dollar sales, for exports under government-financed programs were smaller. About 50 percent of the vegetable oils moved under Title I of P.L. 480.

Exports of *fruits and vegetables* showed little change. Fruit exports were marked by sharply smaller shipments of pears and oranges but increases for canned and dried fruits. Weather damage to the Florida orange crop meant fewer oranges available for export; but for dried fruit, especially raisins, smaller production in other major producing areas led to a sharp rise in U.S. exports. Vegetable exports fell slightly because of smaller shipments of dried beans, owing to reduced takings by the 3 principal U.S. markets—the United Kingdom, Mexico, and Cuba.

Exports of *animals* and *animal products* remained about the same as in 1959. Value declines in the exports of lard, tallow, and dairy products were offset by gains in variety meats, poultry meat, and hides and skins.

Venezuela Replaces Cuba As No. 1 Market in L.A.

From the beginning of Cuban independence in 1902 until 1960 Cuba was by far the largest Latin American market for U.S. agricultural products. Last year Cuba dropped to second place and Venezuela took the lead.

In replacing Cuba as our No. 1 market, Venezuela imported $92 million worth of U.S. farm products—wheat, $15.2 million; dried whole milk, $12.8 million; shell eggs, $7 million; and infants' and dietetic foods, $4.9 million.

Mexico continues to occupy third place, taking farm products worth $55.9 million—a decline of $5.6 million from 1959. Brazil is in fourth position, with $44 million, $39 million of which is wheat.

U.S. agricultural exports to the 20 Latin American countries for 1960 amounted to $431 million, showing a decline for the third consecutive year.

Lard exports of 620 million pounds were 16 million above the high 1959 level. Increased hog slaughter in the first part of 1960 resulted in plentiful supplies of lard available for export at relatively low prices. The principal foreign markets were the United Kingdom and Cuba, though exports to Cuba fell from 217 million pounds to 190 million.

Exports of tallow totaled 1,526 million pounds compared with 1,341 million a year earlier. The continued high level of heavy cattle slaughter provided abundant supplies of tallow for export at competitive prices. About half of the domestic production is marketed overseas, primarily in Italy, Japan, and the Netherlands.

The foreign market for variety meats continued to expand. Exports totaled 118 million pounds compared with 91 million in 1959. Over three-fourths of them moved to Western Europe.

Exports of poultry meat—177 million pounds—were 51 million ahead of the previous year's. This substantial expansion mainly reflected extensive market development and ample supplies at relatively low prices. The major outlets were Western Europe, the Caribbean area, and Hong Kong.

New São Paulo State Law Encourages Small Farms

To help its small farmers and to get better use of its land resources, Brazil's important State of São Paulo late in 1960 enacted an agricultural reform bill whose central feature is a system of graduated land taxes.

Background of the bill is apparently the fact that "small" farms—defined as less than 50 hectares (1 hectare equals about 2.5 acres) account for nearly 78 percent of the farms in the State, yet occupy only 18 percent of total farm area. In contrast, large estates (more than 1,000 hectares) account for less than 1 percent of the number but nearly 40 percent of the land.

The principal feature of the new legislation is a land tax by which the government hopes to encourage owners of large rural estates, not now farming their land, to sell it to small farmers who will use it productively. The tax rises from 2 percent on the first 100 hectares of a property to 6 percent on the portion of it that exceeds 5,000 hectares. This tax may be doubled if no more than 30 percent of the property is in productive use or if more than half of it is leased out for agricultural purposes.

On the other hand, the tax is lowered to a maximum of 2 percent (1.5 on farms up to 500 hectares) if the owner has 80 percent of the property under cultivation or in grazing pastures and woodland, practices soil conservation, takes measures against erosion, and houses his labor adequately.

The law provides for expropriation of property—but only after judicial notice, giving the owner one year in which to cultivate the land. It also provides for subdivision of government-owned land for sale to small farmers. Owners of property not exceeding 100 hectares will get preference for loans by official state establishments, as well as for services performed by the Secretariat of Agriculture, such as soil conservation measures and the construction of irrigation works. In addition, the new law provides for the establishment of a fund for the expansion of agriculture and cattle raising, to finance the sale of production goods to small farmers.

TRADING POST

Italy's Short Wheat Crop Has Necessitated Imports

Italy, which last year was listed as a wheat exporter under the International Wheat Agreement, this year is an importer.

The 1960 Italian wheat crop ran short, less than 260 million bushels as against an average crop of 280 million and the considerably above-average ones of 1958 and 1959. About 75 million bushels will be needed from outside sources during 1960-61.

About half the wheat Italy has bought so far this season has come from the United States—most of it hard winter wheat. Part of the U.S. wheat is being used to supplement Italy's own crop of bread wheat; part is being blended for use in making the traditional Italian pastas.

Bermuda Adjusts Tariffs On Vegetable Imports

Bermuda's new tariff schedule for vegetables classes fresh with canned and sets the same ad valorem rates on both—15 percent for British Commonwealth countries and 15 percent plus a 25-percent surcharge for all others.

This change is of considerable interest to U.S. exporters, who are shipping Bermuda increasing amounts of vegetables, both fresh and canned. Fresh vegetables affected are string beans, beets, broccoli, cabbage, carrots, cauliflower, celery, cucumbers, lettuce, peas, pumpkins (and squash), spinach, tomatoes, turnips, and watermelons.

Formerly, each of these was covered by a separate specific rate in the months when Bermuda's own produce was on the market, and by the uniform ad valorem rate (15 percent preferential or 17½ percent general) the rest of the year.

The new system is not significantly different in total assessment, but is much easier to administer and thus presents less of an obstacle to imports.

Finland Buying More U.S. Tobacco, Norway Less

Finland has steadily increased its imports of U.S. tobacco since 1949, and may become an even better market if the price advantage offered by competing tobaccos can be overcome.

The Finns are now buying fewer cigarettes made largely of oriental tobacco, and more of a lower priced, short, filter-tip cigarette made largely of flue-cured and burley. This shift boosted sales of cigarettes to an all-time record of 6.3 billion pieces in 1960, and helped U.S. leaf sales too.

Unlike Finland, Norway appears to be a declining market for U.S. leaf. The Norwegians are predominantly users of smoking tobacco—a preference that has made Norway a good market for U.S. flue-cured and a principal one for Virginia dark fire-cured and Perique. But in recent years both the quantity of U.S. leaf that Norway buys and the U.S. share of its total imports have been driven downward by competition from lower priced leaf. This competition may keep U.S. sales to Norway down to the 6–8 million pounds needed for flavor and quality.

EEC To Apply Variable Fees On Intra-Area Farm Trade

The six Common Market countries, beginning with the crop year 1961-62, may apply variable import fees to agricultural products traded among themselves. Cereals, sugar, pork, poultry, and eggs are the commodities on which the EEC Commission will make specific proposals early this summer. Others may be added later.

Variable fees figure in the agricultural import policies to be applied by the Six toward the outside world, but they had not been proposed for intra-Six trade, where the goal is to do away with tariffs and other trade barriers. Their use among the Six, however, is meant to be temporary.

The U.S. Strawberry Trade Is Now World's Largest

The United States buys more strawberries than any other country in the world, and because it also exports them, it has the largest international trade in strawberries.

Practically all the berries shipped into the United States come from Mexico. Last year these shipments totaled 25 million pounds of frozen berries and ½ million pounds of fresh berries; and if growing conditions are favorable in Mexico, a slight increase in both frozen and fresh imports can be expected this year.

The principal export market for U.S. strawberries is Canada. In 1960, 18 million pounds of frozen berries and over 2 million pounds of fresh ones crossed the border. These sales, however, were lower than in 1959, mainly because of a smaller U.S. crop and a larger Canadian one.

Union of South Africa Importing More Rice

After two decades of strict import controls on rice and steep declines in consumption, the Union of South Africa has again become a sizable importer.

Rice production in the Union proved uneconomical, and the area planted fell from 11,000 acres in 1955 to well below 3,000. In April 1959, the government removed the import controls which had been in effect ever since the days of wartime shortage. Since then, consumption has risen sharply; in 1960, imports reached a total of about 50,800 metric tons (milled equivalent)—not yet so large as the prewar average of 63,000, but the largest since 1941.

Togo Is Looking For Coffee Buyers

The first year of independence for Africa's smallest country, Togo, has brought it face to face with a large problem—a coffee surplus.

Togo's coffee production, which averaged 3,360 metric tons for the years 1951-55, will probably be close to 9,000 this year. Its former principal customer, France, is committed to purchase only 6,000 tons; Togo hopes to sell about 2,000 to the United States.

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Colombia May Buy U.S. Breeding Cattle

Colombia, once an important market for U.S. beef breeding cattle, may again become a leading Latin American customer for U.S. stock.

In 1954 and 1955, the United States was shipping Colombia about 5,000 head of cattle annually. Then a ban was placed on livestock imports. In 1959, in order to stimulate the domestic livestock industry, this ban was lifted and import duties on pedigreed bulls were gradually eliminated. Several months ago a further step was taken. The prior deposits required on imports of breeding cattle, which had already been reduced from 130 percent to 20 percent, were dropped to 5 percent.

Israel Doing Very Well With Its Peanut Crop

Israel, which was exporting peanuts in small amounts only until a few years ago, is expected to earn around $2.5 million from its 1960 peanut harvest.

Compared with the output in the big peanut-exporting countries, namely India, Mainland China, and certain West African countries, Israel's peanut production is very small, but it is increasing rapidly. In 1950-54, the country grew about 7,000 tons (unshelled) a year; last year, the crop reached 19,000 tons. The United Kingdom, France, and Switzerland are the chief customers, but Canada, which in recent years has bought its supplies from the United States, Mexico, and India, is a promising new market.

Brazil Taps Its Coffee Surplus For Edible Oil

Brazilian housewives this year may be asked to test a new product that could help use up Brazil's chronic excess of coffee.

A Brazilian company is mixing 30 percent of oil extracted from coffee beans with 70 percent of peanut or cottonseed oil, to produce two new brands of oil for edible use. If these oils are accepted by the Brazilian consumer, their manufacture could account for a sizable volume of coffee; it has been estimated that 10 pounds of coffee beans will produce 1 pound of oil. The company is now in a position to sell about 57 million pounds of oil produced in this manner.

South Vietnam Exports Hogs and Frozen Pork

Five years ago South Vietnam was importing live hogs and exporting no swine products at all. Last year, this Asia country stopped its hog imports and at the same time boosted its exports of live hogs and frozen pork to 5,000 metric tons, valued at over $2 million. They now rank third on South Vietnam's export list.

Most of the live hogs and frozen pork go to Hong Kong where they must compete with similar products from Taiwan, Thailand, Cambodia, and Communist China.

Congo Still Chief Source Of U.S. Palm Oil Imports

The Belgian Congo, now the Republic of the Congo, has long been the United States' chief source of palm oil. Last year, despite its internal troubles, the country not only retained this position but increased its exports by nearly 6,000 tons.

Total U.S. palm oil imports at 23,409 tons were about a third higher than in 1959. Indonesia tripled its shipments, and Nigeria became a supplier for the first time in 5 years.